

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AF-10 ARA-16 EA-11 NEA-10

RSC-01 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 OMB-01 OIC-04 RSR-01 /234 W

----- 112508

R 171136Z AUG 73

FM AMEMBASSY WARSAW

TO /SECSTATE WASHDC 5305

INFO AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY BERN

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E.O. 11652: N/A

TAGS: ETRD, GATT, PL

SUBJECT: GATT: POLISH REQUEST TO WITHDRAW US COMMENT ON STATE
TRADING

PASS TO COMMERCE/BEWT

VIENNA FOR EWTC

1. DURING CALL BY EMBASSY OFFICERS AT MINISTRY OF FOREIGN
TRADE ON AUGUST 15 FOR DISCUSSION OF PREPARATIONS FOR GATT
MINISTERIAL MEETING AT TOKYO (REPORTED SEPTTEL), STANISLAW
STRUS, DIRECTOR OF TRADE POLICY DEPARTMENT III (WESTERN
DEVELOPED COUNTRIES), USED OCCASION TO REQUEST THAT THE
US WITHDRAW NOTIFICATION MADE TO GATT IN 1968 REGARDING
STATE TRADING PRACTICES OF POLAND. STRUS SAID AMBASSADOR
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TRAMPCZYNSKI HAD BEEN INSTRUCTED TO MAKE PARALLEL APPROACH
IN WASHINGTON.

2. STRUS NOTED THAT IN 1968, THE US HAD SUBMITTED

NOTIFICATION TO GATT REGARDING POLAND WHICH SUBSEQUENTLY WAS INCLUDED IN A GENERAL INVENTORY OF NTB'S CONTAINED IN DOCUMENT GATT COM. IND/4, PAGE 175. (EMBASSY ODES NOT HAVE THIS DOCUMENT OR RELATED REPORTING AS FILES PRIOR TO 1970 HAVE BEEN RETIRED.) ACCORDING TO STRUS, SECTION IN QUESTION, WHICH FORMED THE US NOTIFICATION, IS AS FOLLOWS:

QUOTE. STATE TRADING. BILATERAL BALANCING: UNDER BILATERAL AGREEMENTS POLAND CHANNELS ITS PURCHASES TO A CERTAIN DEGREE ON THE BASIS OF COUNTRY OF ORIGIN RATHER THAN ON THE BASIS OF PRICE, QUALITY, AND TERMS. MARKETING PRACTICES: FOREIGN BUSINESSMEN AND FIRMS ARE RESTRICTED IN GAINING ACCESS TO POTENTIAL BUYERS. END QUOTE.

3. POLAND, STRUS SAID, NOW WISHED TO REQUEST THAT THE US WITHDRAW THIS STATEMENT. GOP HAD NOT AGREED AT TIME STATEMENT WAS MADE THAT IT REFLECTED REAL SITUATION PREVAILING IN POLAND. FURTHERMORE, HE ASSERTED, CONSIDERABLE CHANGES HAD TAKEN PLACE SINCE THAT TIME. AS RESULT OF NEGOTIATIONS DURING THE INTERVENING PERIOD, POLAND NO LONGER HAD BILATERAL CLEARING AGREEMENTS WITH WESTERN COUNTRIES, WITH SOLE EXCEPTION OF GREECE. GOP WAS URGING GREECE TO DROP CLEARING AGREEMENT, THUS FAR TO NO AVAIL. STRUS SAID THAT LAST AGREEMENTS TO HAVE BEEN MULTILATERALIZED WERE WITH AUSTRIA, FINLAND, PORTUGAL AND SWITZERLAND, AND THAT INITIATIVE HAD COME FROM POLISH SIDE. FINNS, FOR EXAMPLE, WERE SAID TO HAVE BEEN VERY RELUCTANT TO END CLEARING ARRANGEMENTS FOR FEAR IT WOULD BE TO THEIR DISADVANTAGE. THUS, STRUS SAID, POLAND NOW WAS NOT BOUND TO BALANCE ITS TRADE WITH WESTERN COUNTRIES. IT WAS TRUE, OF COURSE, THAT THEY WERE SUBJECTED TO THE URGING OF CERTAIN COUNTRIES WITH WHICH POLAND HAD RECURRING TRADE SURPLUSES. (HE MENTIONED ITALY AS AN EXAMPLE, BUT POINTEDLY CHOSE NOT TO MENTION THE US AS WELL.) SUCH COUNTRIES OFTEN URGED POLAND TO BE RECEPTIVE TO SALES MISSIONS AND TO IMPORT MORE FROM
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THEM. IN GENERAL SENSE, STRUS SAID, POLAND DID WHAT IT COULD TO BE RESPONSIVE TO SUCH REQUESTS, BUT HE ASSERTED THE ULTIMATE PURCHASING DECISIONS WERE MADE STRICTLY ON COMMERCIAL GROUNDS.

4. WITH RESPECT TO SECOND PART OF THE 1968 US NOTIFICATION, STRUS SAID THAT, PARTICULARLY IN LIGHT OF EXPERIENCE OF US COMPANIES AND 1972 US-POLISH AGREEMENT ON IMPROVING BUSINESS FACILITIES, TOGETHER WITH RECENT PROGRESS ACHIEVED BY US FIRMS IN OPENING LOCAL OFFICES IN POLAND, HE THOUGHT THE US WOULD HAVE TO AGREE THAT ACCESS TO POTENTIAL POLISH BUYERS WAS NO LONGER A PROBLEM.

5. IN RESPONSE, EMBASSY OFFICER SAID HE OF COURSE COULD NOT RESPOND AUTHORITATIVELY, BUT THAT EMBASSY WOULD REPORT THE POLISH REQUEST TO WASHINGTON. AGREEING THAT SIGNIFICANT ACHIEVEMENTS HAD BEEN MADE RECENTLY WITH REGARD TO REPRESENTATION OF US FIRMS IN THE POLISH MARKET, EMBASSY OFFICER EXPRESSED PERSONAL VIEW THAT ACCESS TO POTENTIAL CUSTOMERS NOW WAS RELATIVELY GOOD. WITH RESPECT TO QUESTION OF CHANNELING OF PURCHASES, HE NOTED ASSERTION BY STRUS THAT POLAND HAD ELIMINATED ITS BILATERAL CLEARING AGREEMENTS, BUT SAID HE STILL HAD IMPRESSION THAT FACTORS OTHER THAN COMMERCIAL CONSIDERATIONS SOMETIMES ENTERED INTO POLISH PURCHASING DECISIONS.

6. COMMENT: ALTHOUGH IT IS SOMETIMES DIFFICULT TO IDENTIFY POTENTIAL CUSTOMERS IN POLAND DUE TO LACK OF PUBLISHED INDUSTRIAL DIRECTORIES AND THE LIKE, EMBASSY BELIEVES, BASED ON CURRENT EXPERIENCE, THAT IT NO LONGER IS JUSTIFIABLE TO STATE THAT BUSINESSMEN ARE RESTRICTED IN GAINING ACCESS TO POTENTIAL BUYERS. WHILE FROM TIME TO TIME CASES DO ARISE WITH RESPECT TO VISITS TO CERTAIN MANUFACTURING FACILITIES, THESE APPARENTLY ARE RELATED TO POLISH SECURITY CONSIDERATION, AND THUS DO NOT DIFFER SUBSTANTIALLY FROM CASES IN WESTERN COUNTRIES. EMBASSY HAS RECEIVED NO RECENT COMPLAINTS FROM US BUSINESS REGARDING ACCESS PROBLEMS. QUESTION OF BILATERAL BALANCING IS LESS CLEAR-CUT. (SWISS EMBASSY HERE TELLS US THAT, FOLLOWING NEGOTIATIONS SPANNING TWO YEARS, AGREEMENT LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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RECENTLY WAS REACHED WITH POLES ON NEW TRADE AGREEMENT WHICH, AFTER EXPECTED SWISS RATIFICATION THIS AUTUMN, WILL REPLACE CLEARING AGREEMENT WHICH HAS BEEN OPERATIVE SINCE LATE 1940'S. POLES ARE SAID TO BE DELIGHTED WITH NEW AGREEMENT BECAUSE IT GRANTS THEM FULL MFN TREATMENT. REPORTEDLY, REASON FOR LENGTHY NEGOTIATIONS WAS THAT SWISS UNTIL RECENTLY HAD INSISTED ON CERTAIN IMPORT ASSURANCES FROM POLISH SIDE WHICH WERE DESIGNED TO IMPROVE SWISS AGRICULTURAL TRADE BALANCE SOMEWHAT). US 1968 STATEMENT ON BILATERAL BALANCING IS NOT LONGER ACCURATE AS GENERAL DESCRIPTION OF POLISH TRADE POLICY IN VIEW OF REPORTED END OF BILATERAL CLEARING AGREEMENTS. HOWEVER, AS INDICATED IN PARA 5 ABOVE, WE BELIEVE FACTORS OTHER THAN COMMERCIAL AND TECHNICAL TERMS SOMETIMES DO COME INTO PLAY, ESPECIALLY REGARDING MAJOR IMPORT PROJECTS. FOR EXAMPLE, AT SIGNING CEREMONY FOR EPSTEIN COMPANIES' \$64 MILLION CONTRACT FOR CONSTRUCTION OF MEAT PLANTS (WARSAW 3032 NOTAL), POLES SEEMED TO GO OUT OF THEIR WAY TO STRESS THAT PURCHASING DECISION WAS MADE ON BASIS OF CAREFUL REVIEW OF MERITS OF EPSTEIN'S PROPOSAL

AND ON BASIS OF CURRENT POLISH TRADE POLICY TOWARD THE
US.
DAVIES

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<< END OF DOCUMENT >>

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